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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

17 July 1962

MEMORANDUM FOR THE DIRECTOR

SUBJECT: The Soviet-Yugoslav Rapprochement

SUMMARY

1. Soviet-Yugoslav relations have improved markedly in recent months. Moscow's aims in the current period of rapprochement are probably less ambitious than they were in 1955-1957. The Soviets probably are intentionally using Yugoslavia as a weapon against their opponents in the Bloc, and they probably also desire to obtain Yugoslav support for certain foreign policy designs. We believe, however, that their primary objective is to take advantage of Yugoslavia's present economic difficulties in order to increase Belgrade's dependence on the Bloc. They may hope to turn this to their advantage at a more opportune time -- perhaps in a succession crisis after Tito's death.

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2. Though the top Yugoslav leaders are ideologically inclined toward closer relations with the Bloc, and though Belgrade presently is susceptible to Soviet economic offers, we believe that the Yugoslavs remain jealous of their independence and determined to preserve it. Relations ^{w/whom} are likely to improve considerably in the present period of rapprochement, especially in the economic field. The Soviets will probably grant Yugoslavia some form of association with CEMA which the Yugoslavs have long been seeking. However, the improvement of relations will almost certainly stop well short of Yugoslavia's re-entry into the Bloc. Yugoslavia will probably retain its distinctive internal system and will continue to pursue its own interests in foreign policy -- interests which do not always coincide with those of the USSR. ? Sovs

Introduction

3. As early as the Bucharest meeting of Communist parties in June 1960, the Yugoslavs saw the Soviet conflict with China and Albania as working in favor of better Yugoslav relations with Moscow. They made no secret of their support for Khrushchev against the "dogmatists," and may even have occasionally embarrassed him by applying his arguments quite explicitly to the Chinese. Khrushchev's strong condemnation of the Albanians and the other "dogmatists" at the

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XXII Soviet Party Congress in October 1961 gave new encouragement to the Yugoslavs, and was the immediate prelude to a period of cautious rapprochement between Belgrade and Moscow which has continued to the present.

4. Contacts between the Yugoslavs and Soviets increased in number this spring. In April, Gromyko returned Popovic's visit of a year ago. In May, Khrushchev used his tour of Bulgaria to make unusually warm pronouncements concerning improvement of Soviet relations with Yugoslavia, which he said "will also be useful to all countries building socialism and communism." Khrushchev also pressed reluctant Satellite leaders to make gestures toward Belgrade, and the Bulgarian leader Todor Zhivkov responded with an admission that the Yugoslavs are "building socialism" -- a term which implies to Communists that the Yugoslav Communists are ideologically acceptable.

5. Other manifestations of the fast-developing new period of rapprochement have been the appearance in May of recent vintage Soviet tanks in Belgrade (the first new Soviet military equipment since 1948), the June visit to the USSR of a Yugoslav parliamentary delegation, which was received by ostentatious cordiality and enthusiasm, and the arrival in early July of a high-level economic delegation which apparently discussed the entire range of economic

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relations, including some \$244 million in promised Soviet credits. These had been frozen early in 1958 when relations were at a low point. As a result of these talks, new Soviet credits were agreed upon in principle and a new three-year trade agreement was signed, providing for a considerable expansion of trade over previously agreed levels. Though the Yugoslavs still have not officially accepted the Soviet invitation to Marshal Tito, the visit remains a ~~possibility~~ possibility. The Soviet Chief of State, Leonid Brezhnev, will visit Yugoslavia later this year.

Soviet Objectives

6. In the period 1955-1957, Khrushchev attempted unsuccessfully to get Yugoslavia back into the Bloc. Though he came close to achieving this goal in early 1956, it was frustrated by the Eastern European upheavals later that year, which caused a severe deterioration in relations with Belgrade. Khrushchev nevertheless persisted in his attempt, and did not cease his approaches to Tito until the latter refused to attend the November 1957 conference of Communist parties in Moscow, or to sign the Bloc declaration. If Khrushchev failed in this previous attempt to win back the Yugoslavs, what does he expect to achieve at the present time? His behavior in 1955-1957 revealed an unusual tenacity of purpose. Subsequent events,

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moreover, suggest that he has held to his conviction that, given the right circumstances, he would yet succeed in bringing Yugoslavia into closer alignment with the Communist Bloc. Even in the midst of the great ideological quarrel with the Chinese in 1960, when the Yugoslavia were being castigated throughout the Communist movement, Khrushchev indicated that, regardless of the view of the others, he was still of the opinion that the Yugoslavs were not renegades but only strays who could eventually be persuaded to abandon their errors and rejoin the fold.

7. Nonetheless, we think, the results of loosened controls over the Satellites in 1956, and his experience of Yugoslav stubbornness in 1956-1957 must have made him somewhat more realistic than he was before, and disposed to make greater allowance for the Yugoslav penchant for independence. Some remarks by the Italian party leader, Togliatti, which were reprinted in Pravda last November, may reflect the Soviet attitude in the present period:

"We have criticized and continue to criticize the program approved at the last Congress of the Union of Communists in Yugoslavia. But with relation to the regime now existing in Yugoslavia, we can only ask: What is this all about? It cannot be said that this is something analogous to what exists in the Soviet Union and in the Peoples' Democracies, but it also cannot be said that this is a regime which, after having moved toward socialism for a certain time, has now turned back toward out-of-date formulas. It follows

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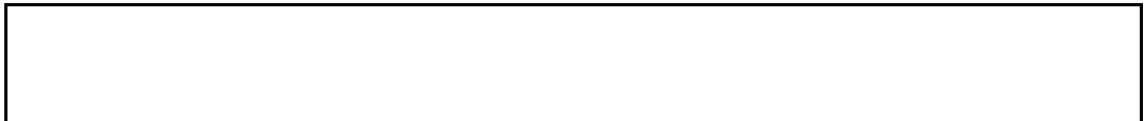
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that this is something we have to study and to analyze. It would be wrong to deal with the Yugoslavs and their regime as though we were dealing with enemies."

8. In the present phase, the Soviets probably hope at a minimum to increase Belgrade's economic dependence on the Bloc. To achieve this they may be prepared to give the Yugoslavs a special relationship with the Bloc which would not necessarily encroach on ^{its} ~~their~~ independence. Something of this sort could be achieved if Yugoslavia were again granted some form of association with CEMA, which Belgrade could represent as only counterbalancing its status vis-a-vis such Western economic groupings as GATT and OECD.*

9. The Soviets probably have a number of other immediate aims in mind. They probably intend, for example, to increase pressure on Albania and possibly stimulate internal currents of dissent there against the present leaders. They probably also hope to get increased Yugoslav support for Soviet foreign policies, particularly those directed towards the underdeveloped countries, where the Yugoslavs have an important measure of influence. For the Soviets, however, more is involved here than a mere attempt to range another

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country behind Soviet tactical positions. As a Communist country, Yugoslavia has special importance. It is able to criticize the USSR with particular effect among the newly developing nations, a practice which the Soviets clearly desire to bring to a halt. Within the Communist movement, Yugoslavia is able to advocate an independent, non-Soviet road to "socialism," which occasionally causes difficulties for Soviet authority. The Soviets hope to neutralize, if not eliminate this problem.

10. Nonetheless, even if some arrangement such as this would satisfy the immediate Soviet aim, we think the eventual goal has not altered significantly since the earlier period, and the Soviets will not rest content until they attain Yugoslavia's full alignment with the Bloc. They would probably hope to be able to exploit Belgrade's increased dependence at some more propitious time, perhaps during a succession crisis after Tito's death.

Fundamentally, the Soviets find it difficult to persuade the world -- and indeed themselves -- that the "world socialist system" is destined to expand indefinitely if they are unable to bring about the accession of a country with such strong historical and ideological ties as those of Yugoslavia.

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Yugoslav Objectives

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① 11. As Ambassador Kennan ^{inter alia} has noted, Tito and the core of former partisans in the Yugoslav Communist League feel a strong ideological affinity with the Communist world. For them, the separation from the Bloc in 1948 was painful, and they have always desired to establish some sort of closer arrangement with the Bloc which ^{in some} would allow them to preserve their independence. This is particularly true of Tito. This attitude is not shared by newer elements who are coming into middle-echelon positions, but it remains an important factor in the outlook of the top level in the Yugoslav party.

② 12. The Yugoslavs have other aspirations. They have long sought a leading role in the Balkans -- a desire which for a period was encouraged by Stalin. Though the practical possibilities ^{+ The Yugs realize this} for this have declined, the desire is by no means dead, and the Yugoslavs are aware that this aspiration is effectively blocked as long as the European Satellites are in the Bloc and Yugoslavia remains outside.

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③ 13. They have also cherished another ambition for many years -- a desire to play a leading role in the world Communist movement --

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and they thought they were close to achieving this in 1956. As the possibilities for attaining influence in the European Satellites have diminished, the focus of this ambition has shifted somewhat in recent years to the Communist parties outside the Bloc.

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They appear to believe that Khrushchev's conceptions concerning the development of communism in the Bloc and the Communist movement should make it possible eventually for them to exercise such a role. The recent development of their relations with the Italian Communist Party, which has been strongly influenced by the Yugoslavs, has further encouraged them in this respect.

4 14. In addition to their ideological predilections, the Yugoslavs at the present time are impelled toward closer economic ties with the Bloc because of the difficulties now being experienced by the Yugoslav economy. Since early 1961, when the economic outlook was favorable, Belgrade has had a series of setbacks, which have forced it to cut investment and tighten controls over the decentralized economy. Thus, the slowness of exporters to adjust to the economic

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reforms instituted in 1961, poor harvests, and inflation have considerably accentuated Yugoslavia's balance of payments problem. In this situation, with fears about restrictions on trade with the Common Market countries and with doubts about further economic aid from the West, Yugoslavia is particularly susceptible to economic overtures from the Bloc.

Limitations on Rapprochement

Disadvantages
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15. For both countries closer relations present some important problems and are subject to certain limitations. From the Yugoslav point of view, closer relations with Moscow carry constant dangers for Yugoslav independence. Belgrade's desire to preserve this independence has been strengthened in recent years by the development of close ties with a great variety of underdeveloped countries, and by Yugoslavia's growing economic and cultural attachment to the West. The Yugoslavs now realize that any move toward the Bloc which compromised that independence would jeopardize their influence among the "nonaligned" states, and would adversely affect economic relations with the West, which they still greatly need.

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16. On the Soviet side, closer relations with Belgrade could cause complications in Eastern Europe, where important segments of

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the Satellite parties are hostile to Yugoslavia while others are attracted to the Yugoslav example. Enforced rapprochement will therefore tend once again to stimulate factionalism in the parties. In the Bloc as a whole, closer relations with Belgrade heighten divisions within the Communist movement causing worsened relations with China, Albania, and their allies, who regard the Yugoslavs as renegades. Thus, any closer attachment of Yugoslavia to the Bloc will make it even more difficult for the Soviets to unify that Bloc under Soviet leadership.

The Outlook

17. We believe that in coming months Belgrade will develop considerably closer relations with Moscow and with some of the European Satellites, particularly in the economic and cultural fields. The greatest possibility for improvement is in the economic sphere, where Soviet offers will be welcomed by the Yugoslavs in their present period of difficulty. The Soviets, moreover, will probably be willing to permit the Yugoslavs some sort of association with CEMA, which they have long been seeking. Mutual criticism in propaganda will probably be toned down, and the Yugoslavs will probably desist from criticizing the Soviets to third parties.

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18. The question of the proper ideological attitude toward Yugoslavia has figured prominently for many years in the Sino-Soviet dispute. Up to the present time the Chinese have made it clear that, in contrast with the Soviets, they consider the Yugoslavs heretics and turncoats who have deserted the Communist movement to become "running dogs" of the imperialists. Thus, Khrushchev's move to improve relations with Belgrade and to treat the Yugoslavs as ideologically acceptable strongly affronts the Chinese and exacerbates Sino-Soviet tensions. Should Tito be moved to accept Moscow's invitation for a visit this year, the rapprochement with Belgrade will acquire greatly enhanced symbolic significance throughout the Communist movement and will be particularly offensive to Peiping.

19. Though we thus anticipate a significant improvement of relations on all levels, but particularly the economic, we would nevertheless reaffirm the estimate we made in NIE 15-61, "Outlook for Yugoslavia," dated 23 May 1961, that Yugoslavia will retain its independence. We believe that Yugoslavia's movement toward the USSR will stop well short of the acceptance of Soviet control, and that Yugoslavia's distinctive internal system will continue to depart in important respects from the Soviet model. Though the decentralized

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economic system at present is undergoing a severe test, we believe that the Yugoslav leaders will try to preserve its essential characteristics, which combine centralized planning with certain features of a market economy. Though Belgrade will probably give increased support to Soviet foreign policy positions, it will continue to pursue its own particular interests in foreign policy and these will not always be identical with those of the USSR. The rapprochement, moreover, will be fragile. There will always be the chance that some reaction in Eastern Europe or a turn in Sino-Soviet relations will force the Soviets to sacrifice the rapprochement; on the other hand, there is always the chance that the Yugoslavs will feel the Soviet demands too extreme, and that they will be driven to reassert their differences in order to prove their independence. Thus, while the outlook at present is for a period of closer Soviet-Yugoslav relations, these will be contained within limits and even subject to sharp setbacks, and we believe that there will not be a steady converging of positions leading to Yugoslav re-entry into the Bloc.

FOR THE BOARD OF NATIONAL ESTIMATING

SHERMAN KENT
Chairman

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